

Amenity Asset Valuation

POINCIANA CDD BOARD OF SUPERVISORS
& POINCIANA WEST CDD BOARD OF SUPERVISORS

28-Jul-16

Environmental Financial Group



Valuation Concept

AMENITY ASSET VALUATION



Valuing Recreational Amenities

Value on open market not defined by original or replacement cost

Value is unique to Poinciana CDD

Amenity value intrinsically linked to Poinciana residential market

Capped revenue is viewed as a negative on the open market

Current revenue stream a practical indicator of value

Acquisition assures long-term, sustainable amenity benefits

Our Objectives

Determine available capital funds

Quantify renewal & replacement needs and cash reserves

Estimate amenity acquisition value

Estimate required Assessment Bond amount

Capital Funds

AMENITY ASSET VALUATION



Available Funds

5,590 Planned Units

Developed and undeveloped

No non-residential units

Based on 2016 Club Membership Fees

\$5,437,212 available each year for capital

Does not take into account discounts or collection fees required by Florida law

Development	Phase	Planned Units	Club Membership Fee	Total Revenue Available for Capital
SOLIMTA CDD				
Rainbow Lakes	1B	401	\$65.00	\$31,278.00
Treviso	1C	36	\$85.00	\$36,720.00
Bella Vista	1D	65	\$74.00	\$57,720.00
Lago Vista	1E	84	\$74.00	\$74,592.00
Treviso	1F	171	\$85.00	\$174,420.00
Lago Vista	1G-TH	32	\$85.00	\$32,640.00
Lago Vista	1H (40'-45')	23	\$85.00	\$23,460.00
Lago Vista	1H (50'-65')	16	\$85.00	\$16,320.00
Candlewood	2A, 2B	271	\$65.00	\$211,380.00
Terra Vista	2C, 2D	422	\$75.00	\$379,800.00
Venezia	3A, 3B	507	\$85.00	\$517,140.00
Portofino	4A	92	\$75.00	\$82,800.00
Capri	4B	166	\$75.00	\$149,400.00
Flora Vista	4C	370	\$85.00	\$377,400.00
Flora Vista	4D	70	\$85.00	\$71,400.00
N/A	5A, 5B W/5D	251	\$85.00	\$256,020.00
N/A	5C	233	\$85.00	\$237,660.00
N/A	5E (S)	63	\$85.00	\$64,260.00
N/A	5E (W)	68	\$85.00	\$69,360.00
Courtyards of Montelena	5F	170	\$84.00	\$171,360.00
N/A	5H	177	\$85.00	\$180,540.00
Portofino	5I, 5J	30	\$85.00	\$30,600.00
Bella Viana	6 (55', 65')	120	\$85.00	\$122,400.00
Bella Viana	6 (80')	102	\$85.00	\$104,040.00
		3,940		\$3,754,212.00
SOLIMTA WEST CDD				
Valencia	7A	259	\$85.00	\$264,180.00
Vizcaya	7B	446	\$85.00	\$454,920.00
Portofino	7C	202	\$85.00	\$206,040.00
Mira Vista	7D	203	\$85.00	\$207,060.00
Alta Vista	7E	165	\$85.00	\$168,300.00
Vestrella	7F	92	\$85.00	\$93,840.00
Volare	7G1	102	\$85.00	\$104,040.00
Verona	7G2 (55', 65')	181	\$85.00	\$184,620.00
		1,650		\$1,683,000.00
TOTALS		5,590		\$5,437,212.00

Environmental Financial Group

Source: AV Homes

Total Bond Capacity

Establishes maximum bonding capacity only

Does not define amenity acquisition value or terms

Interest rate subject to market timing

Assumes level annual revenues available for capital over 30 years

Item	Amount
Annual Revenue Available for Capital	\$5,437,212
Average Bond Interest Rate	3.75%
Bond Term	30 Years
Total Bond Capacity	\$96,941,386

R&R Needs

AMENITY ASSET VALUATION

Renewal and Replacement

Condition Assessment Report is source of R&R cost and timing info

We defined a 30-year replacement schedule

We defined level annual transfers to a capital reserve account

Includes both existing and new amenities

Accounts for effects of construction inflation

Reflects multiple replacements for short-lived assets (e.g. HVAC)

Takes a conservative view to ensure 30-year capped capital support

Condition Assessment Study Findings

\$5,393,900 replacement cost of specific components if done today

Replacements needed to maintain existing functionality

Inspector cost estimates are within +50% / -30% range

Some components at or near end of useful life

Others will be replaced more than once over 30 years

R&R Outlays

\$21,930,200 total 30-year outlays

Based on inspection results w/ 20% contingency

Includes inflation

Limitations of annual transfer require additional reserves

	2017	2018	2019	2020	TOTAL
	1	2	3	4	5-30
Riviera Spa and Fitness Center	62,400	124,000	137,700	-	4,812,300
Waterfront Café	44,500	-	35,400	47,300	846,800
Arts and Craft Facility	62,600	-	76,100	-	956,000
Mosaics Restaurant	21,000	-	42,000	175,600	1,154,700
Starlight Ballroom	130,200	-	53,800	-	1,606,800
Bell Tower	-	-	23,600	-	151,400
Freedom Park	-	3,800	23,600	443,700	2,083,400
Palms Amenity Complex	56,200	148,700	85,800	68,900	2,773,000
Rainbow Lake Amenity #1	22,600	4,300	-	-	187,400
Rainbow Lake Amenity #2	22,600	4,300	-	-	185,800
Candlewood Amenity	-	2,600	-	-	195,800
Capri Amenity	1,500	1,800	-	23,100	196,800
Terra Vista Amenity #1	-	2,600	-	23,100	195,000
Terra Vista Amenity #2	-	2,600	-	23,100	198,000
Flora Vista Amenity #1	3,100	2,600	-	23,100	155,200
Flora Vista Amenity #2	3,100	2,600	-	19,000	191,100
Lago Vista Amenity	1,500	-	32,000	6,100	516,800
Venezia Amenity	33,100	13,500	-	19,800	1,006,400
Bella Viana Amenity	33,100	13,500	-	19,800	740,400
ESTIMATED R&R (Existing)	\$497,500	\$326,900	\$510,000	\$892,600	\$18,153,100
ESTIMATED R&R (AV-Requested)	\$0	\$0	\$0	\$0	\$3,777,100
TOTAL R&R NEEDS	\$497,500	\$326,900	\$372,300	\$892,600	\$21,930,200

Capital Reserves

Timing of R&R needs requires continuous annual transfers to capital reserve

\$1,103,056 annual transfer

Some temporary shortfalls may occur, but overall reserves will support needs

Capital Reserve Account Forecasted Activity



30-Year R&R Cash Reserves Summary

\$27,240,170 for existing amenities

\$5,851,507 for new amenities

\$33,091,677 TOTAL

\$1,103,056 annual transfer to the Capital Reserve Account

Assumes no interest earnings on cash reserve account balance

Amenity Acquisition

AMENITY ASSET VALUATION



New Amenities

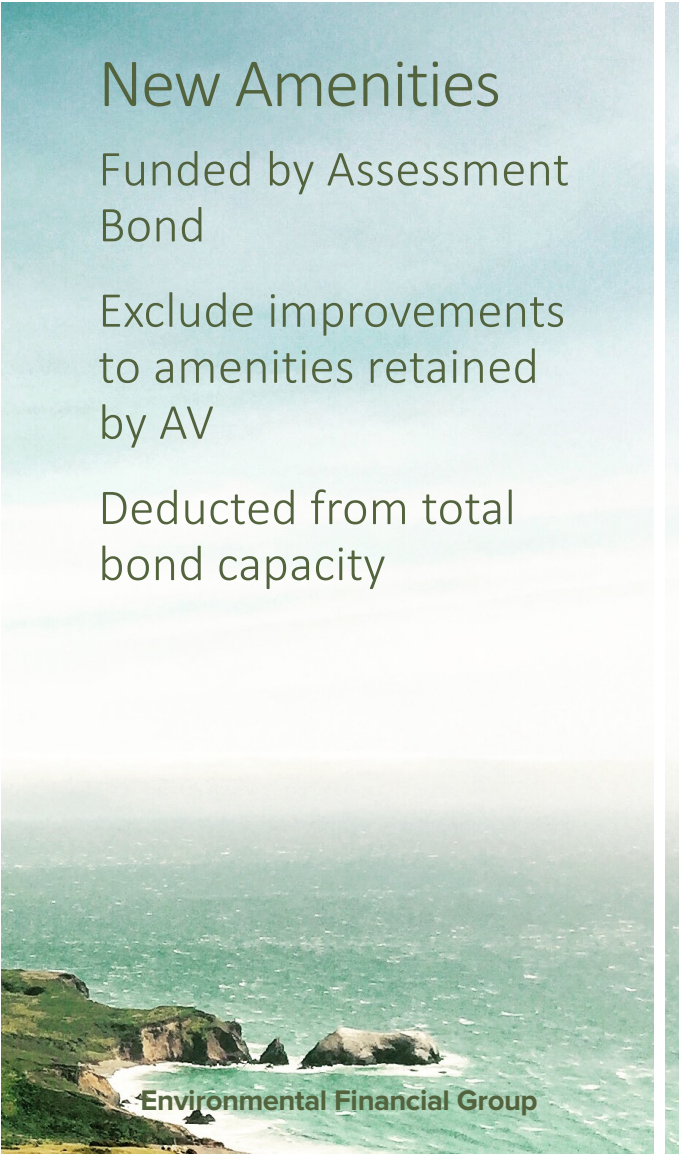
Funded by Assessment Bond

Exclude improvements to amenities retained by AV

Deducted from total bond capacity

	Project	Estimated Cost
1	Waterfront Café and Arts & Crafts	\$508,628
2	Bell Tower Remodel	\$147,850
3	Mosaics Restaurant and Starlight Ballroom	\$1,191,338
4	Performing Arts Building	\$4,359,870
5	Health & Fitness Center	<u>\$3,113,600</u>
SUBTOTAL		\$9,321,286
	20% Contingency	<u>\$1,864,257</u>
TOTAL		\$11,185,543

Source: AV Homes
(CDD boards have not approved any specific reconstruction or new construction)



Acquisition Value Calculation

Total Bond Capacity with Proposed Higher Total Units (5,590)

Identified new amenities

30-year R&R outlays and reserves

ADA compliance needs met by owner prior to close

	Financing	Annual, \$	Total, \$
Total Annual Revenue Available for Capital		5,437,212	96,941,386
New Amenities	Bonded	(627,371)	(11,185,543)
Provision for Future R&R Needs			
Existing Amenities		(908,006)	
AV Requested New Amenities		(195,050)	
Total R&R Needs	Cash Transfers	(1,103,056)	
Other Issuance and Financing Costs	Bonded	(416,395)	(7,424,001)
Acquisition Value	Bonded	3,290,391	58,665,187

Estimated Acquisition Value approximately \$54 million with 2014 build-out units

Assessment Bond

AMENITY ASSET VALUATION



Capital Funds Detail

30 year term and 3.75% average bond rate

Debt service reserve (50% of maximum annual debt service)

12 months of capitalized interest (may be reduced by board)

Assessment Bond

Amenity Asset Purchase
(Limits)

\$11.2 million New
Amenities

No ADA compliance
needs

Issuance expenses

\$4,334,156 annual debt
service

Environmental Financial Group

		Amount
Sources of Funds		
	Assessment Bond Net Proceeds	\$77,274,731
Uses of Funds		
	Asset Purchase	\$58,665,187
	Near-Term Capital Improvement Plan	\$11,185,543
	Debt Service Reserve Fund (50% of MDS)	\$2,167,078
	Capitalized Interest (12 months)	\$2,897,802
	Underwriting Fees	1.5% \$1,159,121
	Other Issuance Costs	<u>\$1,200,000</u>
Total Uses		<u>\$77,274,731</u>

Proposed Next Steps

- ✎ \$59 - \$81 million purchase price range
- ✎ Determine Operating and Maintenance Assessments
- ✎ Begin negotiations of Purchase and Sale Agreement

Amenity Asset Valuation

POINCIANA CDD BOARD OF SUPERVISORS
& POINCIANA WEST CDD BOARD OF SUPERVISORS

28-Jul-16

Environmental Financial Group

